

## Message Text

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FM SECSTATE WASHDC

TO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: OCON, GATT, AFIN

SUBJECT: INTERNATIONAL TRADE CENTER BUDGET

REF: (A) STATE 196648

(B) GENEVA 5274

1. THE DELEGATION TO THE GATT BUDGET COMMITTEE (OCTOBER 15 - 19) MAY SUPPORT AN INCREASE OF UP TO 159,000 DOLLARS IN THE GATT CONTRIBUTION TO THE 1973 ITC BUDGET, TO A TOTAL OF 1,297,400 DOLLARS (REFTEL B CONFIRMS THAT THIS AMOUNT IS MORE THAN COVERED BY SAVINGS TO THE GATT RESULTING FROM THE LOW SWISS FRANC PRICE THAT THE GATT HAD TO PAY FOR DOLLARS TO PAY ITS ORIGINAL 1973 ITC SHARE.)

2. PART V OF THE 1974 GATT BUDGET ESTIMATES PROVIDES FOR 4,820,000 SWISS FRANCS TO PAY THE GATT'S SHARE OF THE 1974 ITC BUDGET. A RATE OF 3.23 WAS APPLIED TO THE ITC DOLLAR ESTIMATE OF 1,492,000 DOLLARS TO ARRIVE AT THE 4,820,000 SF FIGURE. WE PRESUME THAT THIS CAN BE JUSTIFIED ON THE BASIS THAT THE SWISS FRANC EXPENSES IN THE ITC ESTIMATES WERE CONVERTED AT THE 3.23 RATE (AND NOT AT THE CURRENT UN ACCOUNTING RATE OF 3.03), BUT THIS IS NOT LIMITED OFFICIAL USE

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IMMEDIATELY CLEAR FROM THE ITC BUDGET ESTIMATES. THE

DELEGATION SHOULD ASK FOR A DETAILED EXPLANATION OR FOR A RECALCULATION OF THE ITC BUDGET AT A MORE REALISTIC SF/ DOLLAR RATE.

3. THE REVISED 1973 ITC ESTIMATES (DOCUMENT ITC/AG/24/ ADD.1) CALL FOR CONTRIBUTIONS OF 2,594,800 DOLLARS FROM GATT AND UNCTAD, 1,297,400 DOLLARS FROM EACH. THE 1974 ESTIMATES CALL FOR 1,492,000 FROM EACH, AN INCREASE OF ABOUT 15 PERCENT. THIS INCREASE IS APART FROM THE EFFECTS OF CHANGES IN EXCHANGE RATES SINCE THE REVISED 1973 ESTIMATES INCLUDE AN AMOUNT OF 318,000 DOLLARS TO COMPENSATE FOR THAT FACTOR.

4. THE REPORT OF THE UNITED NATIONS ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (ACABQ) ON THE ITC ESTIMATES FOR 1974 IS NOT YET AVAILABLE AND WILL PRESUMABLY NOT BECOME AVAILABLE UNTIL THE FIRST DAY OF THE GATT BUDGET COMMITTEE MEETING. IT IS DIFFICULT TO COMMENT ON THE ESTIMATES WITHOUT THE ACABQ REPORT. THE US GIVES GREAT WEIGHT TO ACABQ RECOMMENDATIONS AND WOULD NOT WANT TO TAKE A FIRM POSITION ON THE ITC ESTIMATES UNTIL THOSE RECOMMENDATIONS ARE KNOWN. THE DELEGATION SHOULD CABLE A SYNOPSIS OF THE ACABQ RECOMMENDATIONS AS SOON AS THEY ARE KNOWN, ALONG WITH THE DELEGATION'S OWN RECOMMENDATIONS. THE DEPARTMENT WILL ATTEMPT TO CABLE A FIRM POSITION TO THE DELEGATION BEFORE THE END OF THE MEETING. (THE ITC ESTIMATES COME LATE IN THE AGENDA.) IF NECESSARY THE DELEGATION MAY RESERVE ON THIS ITEM AND STATE THAT THE US WILL TAKE A POSITION IN THE COUNCIL.

5. THE DELEGATION SHOULD IN ANY CASE OPPOSE ANY INCREASE ABOVE SF 4,820,000 IN THE GATT PROVISION (PART V OF THE GATT ESTIMATES) FOR THE ITC. IT SHOULD ALSO MAKE CLEAR THAT ANY FIGURE AGREED TO IN THE GATT SHOULD BE TREATED AS A MAXIMUM. IF THE FIFTH COMMITTEE OF THE UNITED NATIONS AGREES ON A SMALLER FIGURE FOR THE UNCTAD SHARE, THE GATT SHARE AND THE TOTAL GATT BUDGET SHOULD BE REDUCED ACCORDINGLY.

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6. THE ITC ESTIMATES (DOCUMENT L/3881) STATE THAT THE PROPOSED SEVEN ADDITIONAL POSTS AND THE PROPOSED THREE REGRADINGS WERE CONSIDERED FOR INCLUSION IN 1973 BUT "THIS WAS NOT DONE BECAUSE BUDGETARY POLICY REQUIREMENT LIMITED SUCH ACTION." AS FAR AS THE US IS CONCERNED THESE CONDITIONS STILL APPLY. AN INCREASE OF 15 PERCENT IN ADDITION TO INCREASES RESULTING FROM EXCHANGE RATE CHANGES IS SUBSTANTIAL, EVEN AFTER ALLOWING FOR A STRONG

INFLATIONARY TREND IN SWITZERLAND. WHILE WE WILL NEED TO KNOW THE ACABQ RECOMMENDATIONS BEFORE TAKING A FIRM POSITION, WE BELIEVE THAT THESE NEW POSTS AND REGRADINGS SHOULD BE QUESTIONED THOROUGHLY BY THE COMMITTEE AND AS MANY AS POSSIBLE ELIMINATED OR POSTPONED UNTIL 1975. AN

INCREASE OF SEVEN IN A STAFF OF 118 SHOULD BE SCRUTINIZED CLOSELY. THE COMMITTEE SHOULD CONSIDER WHETHER OR NOT THE CENTER CANNOT DO ITS MOST EFFECTIVE WORK BY REMAINING CLOSE TO ITS PRESENT MANAGEABLE SIZE.

7. FURTHER INSTRUCTIONS MAY FOLLOW WHEN WE HAVE RECEIVED THE ACABQ REPORT AND THE DELEGATION'S AND THE MISSION'S RECOMMENDATIONS.

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